

Report to Council



Date: August 13, 2018
File: 0160-20
To: City Manager
From: Payroll & Internal Controls Manager
Subject: Banking and Cheque Signing RTC.docx
Report Prepared by: Financial Analyst

Recommendation:

THAT Council receives, for information, the Report from the Payroll & Internal Controls Manager dated August 13, 2018 regarding Banking and Cheque Signing;

AND THAT Council rescind Council Policy No.09 'Banking and Cheque Signing' as recommended in the report of the Payroll & Internal Controls Manager dated August 13, 2018.

Purpose:

To provide Council with updated information regarding counter-signed cheques and recommend that the Banking and Cheque Signing Council Policy be rescinded.

Background:

The last update to the Banking and Cheque Signing Policy was April 2010. Since then there have been changes to the organizational structure and staff which has resulted in a requirement to review the policy and the counter-signed dollar limit.

A survey of municipalities in the province of British Columbia was conducted by City staff and found that a counter-signing cheque policy is not a best practice. The survey concluded that none of the municipalities had a counter-signing cheque policy as they had other policies and financial controls in place, such as, spending authority limits, council resolutions and review of payments by management before they are made.

The City of Kelowna also has the same policies and financial controls in place with regards to spending authority limits, council resolutions and review of payments. With the City's current policy's and financial controls, it appears that having the Mayor approve the budget and approve the payment is a redundant step that can be eliminated.

Currently, all payments are reviewed by a Financial Services Manager and all payments over \$50,000 adhere to the Banking and Cheque Signing Policy. With the elimination of the Banking and Cheque Signing Policy the internal procedure for the review of payments will be updated so that the Divisional Director of Financial Services reviews all payments over \$100,000.

The results of the survey and review of the City's policies and controls have concluded that the Banking and Cheque Signing Policy is redundant and should be repealed.

Internal Circulation:

Divisional Director, Financial Services
Financial Planning Manager
Controller

Financial/Budgetary Considerations:

The financial controls which the City currently has in place include the Budget Process, the Corporate Purchasing Policy and the Corporate Purchasing and Invoice Approval Policy. The budget process ensure Council has approved the budget through the annual budget process or a council resolution. The Corporate Purchasing Policy states that all procurements must have budget approved by Council. The Corporate Purchasing and Invoice Approval Policy provides the dollar thresholds limit which management are authorized.

External Agency/Public Comments:

The City's external financial auditor was contacted to ensure this policy is not essential for assessing the City's internal controls and will not negatively affect the external audit. The external financial auditor felt that the Council budget approval process and the purchasing and invoice approval policy would be adequate financial controls.

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

Communications Comments:

Alternate Recommendation:

Submitted by:

Carson Chan, Payroll & Internal Controls Manager

Approved for inclusion:



Genelle Davidson, Divisional Director, Financial Services

cc: Confidential Secretary
Divisional Director, Financial Services
Financial Planning Manager
Controller

Attachments:

Council Policy No. 09 Banking and Cheque Signing